ANNUAL FINANCIAL REPORT

THE CITY OF
BALCH SPRINGS
GROWING COMMUNITY

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

City of Balch Springs, Texas

Annual Financial Report

For the Fiscal Year Ended September 30, 2023

As Prepared by the
Finance Department

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City of Balch Springs, Texas

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Financial Section

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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Balch Springs, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Balch Springs, (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. Our opinions are not modified with respect to this matter

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Texas Municipal Retirement System pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor and Members of the City Council
City of Balch Springs, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The non-major combining financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The non-major combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major combining financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
June 20, 2024

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Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the City of Balch Springs (City) for the fiscal year ended September 30, 2023. Readers of the financial statements are encouraged to consider the information included in the other sections of the Financial Statements e.g., combining statements and notes in conjunction with the MD&A.

FINANCIAL HIGHLIGHTS

The following financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements.

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2023, by $67.2 million (net position). This was an increase of $9.3 million from the prior year.
- Governmental activities restricted net position was $8.1 million and unrestricted was $6.8 million. Theoretically, the unrestricted net position is what is used to meet the City's ongoing obligations to citizens and creditors.
- Business-type activities unrestricted net position was $8.6 million and had no restricted net position as of year-end.
- The ending unassigned fund balance for the General Fund was $7.6 million or 38.4% of total General Fund budgeted expenditures.
- The City's governmental funds reported combined ending fund balances of $24.0 million of which $7.6 million is available for spending at the City's discretion.
- The City's enterprise fund reported combined ending net position of $29.4 million of which $8.6 million is available for spending at the City's discretion.
- As discussed in Note 1 Summary of Significant Accounting Policies, the City adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements (BFS). The MD&A is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements (FFS), and 3) Notes to Basic Financial Statements (Notes). This report also contains other Required Supplementary Information (RSI) in addition to the BFS.

Government-Wide Financial Statements (GWFS). The GWFS, shown on pages 15-16 of this report, contain the statement of net position and the statement of activities, described below:

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position using the accrual basis of accounting. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents a comparison between direct expenses and program revenues for each of the City's functions or programs. Direct expenses are specifically associated with an activity and are therefore clearly identifiable with that activity. Program revenues include charges paid by the recipient of the goods or services offered by the program. Program revenues also include grants and contributions restricted to meeting the operational or capital requirements of a particular activity. Revenues not directly related to a specific activity are presented as general revenues. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing, or alternatively, draws from any City generated general revenues.

Governmental activities (activities principally supported by taxes and intergovernmental revenues) of the City include general government, public safety, public works, and community development and recreation. Business-type activities (activities intended to recover all of their costs through user fees and charges) of the City include water, sewer, and solid waste. All changes in net position are reported as soon as the underlying event occurs (accrual basis), regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as uncollected taxes and earned, but unused vacation leave.

Component Units. The GWFS include the City (primary government), and two legally separate entities (component units) for which the City is financially accountable. The component units consist of Balch Springs Industrial and Economic Development Corporation (type A sales tax) and the Balch Springs Community and Economic Development Corporation (type B sales tax). The component units provide economic development services, community services, and public improvement financing for the City. Financial information for the component units is reported separately in the GWFS to differentiate them from the City's financial information.

Fund Financial Statements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The principal role of funds in the financial reporting model is to demonstrate fiscal accountability. The City, as with other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the FFS is on major funds. Major funds are those that meet minimum criteria (a percentage of assets, liabilities, revenue or expenditures/expenses of fund category, and of the governmental and enterprise funds combined) or those that the City chooses to report as major funds given their qualitative significance. Non-major funds are aggregated and shown in a single column in the appropriate financial statements. Combining schedules of nonmajor funds are included in this report following the Required Supplementary Information (RSI). All funds of the City can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS, governmental FFS focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the City's fiscal year. Such information is useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the GWFS (modified accrual versus accrual basis of accounting, and current financial resources versus economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, the reader may better understand the long-term impact of near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is a major fund. The governmental FFS can be found on pages 15-21 of this report.

The City adopts a budget annually for the General Fund. In the RSI section, a budgetary comparison statement for the General Fund has been provided to demonstrate compliance with the budget.

Proprietary Funds. The City maintains one proprietary fund. It is reported as an Enterprise Fund which is used to report the same functions presented as business-type activities in the GWFS. Enterprise FFS provide the same type of information as the GWFS, only in more detail. The City uses its Utility Fund to account for Water, Wastewater, and Solid Waste services. The proprietary FFS can be found on pages 22-28 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 31-63 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain RSI concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees and retirees. The General Fund budgetary comparison demonstrating the legal level of budgetary control can also be found as part of the RSI. The RSI can be found on pages 66-71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $67.2 million (net position) at the close of the fiscal year, compared to $57.9 million (net position) at the end of the prior fiscal year. As a result of operations, total net position increased by $9.3 million during the period.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 29,620,938	$ 27,376,936	$ 13,589,030	$ 11,459,835	$ 43,209,968	$ 38,836,771
Capital assets	33,510,830	30,599,303	25,897,880	26,365,495	59,408,710	56,964,798
Total assets	63,131,768	57,976,239	39,486,910	37,825,330	102,618,678	95,801,569
Deferred outflows of resources	4,518,367	1,767,726	1,101,844	503,864	5,620,211	2,271,590
Long term liabilities	23,441,108	18,346,345	8,458,776	7,614,784	31,899,884	25,961,129
Other liabilities	6,076,028	8,085,232	2,676,196	3,181,428	8,752,224	11,266,660
Total liabilities	29,517,136	26,431,577	11,134,972	10,796,212	40,652,108	37,227,789
Deferred inflows of resources	331,277	2,421,957	39,490	497,312	370,767	2,919,269
Net position						
Net investment in capital assets	22,899,464	19,773,481	20,849,972	20,594,056	43,749,436	40,367,537
Restricted	8,109,372	7,960,773	-	-	8,109,372	7,960,773
Unrestricted (deficit)	6,792,886	3,156,177	8,564,320	6,441,614	15,357,206	9,597,791
Total net position	$ 37,801,722	$ 30,890,431	$ 29,414,292	$ 27,035,670	$ 67,216,014	$ 57,926,101

The majority of the City's net position reflects its investment in capital assets, including land, buildings, infrastructure, machinery, and equipment and lease assets, less accumulated depreciation and amortization and any related outstanding debt used to acquire those assets. The City uses capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate the liabilities.

The City has restricted net position totaling 12.1 percent of total net position, which represent resources subject to external restrictions on how they may be used. Such resources include bond funds restricted to be spent for specified capital projects, debt service reserves restricted by bond covenants and special revenue funds restricted for specific purposes. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations. To recap the major categories of net position for the City as a whole, they are restricted of $8.1 million for all activities, unrestricted of $6.8 million for governmental activities and unrestricted of $8.6 million for business-type activities.

The governmental and business-type net position increased by approximately $6.9 million and $2.4 million, respectively, and is shown in the following table:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues						
Program revenues						
Charges for Services	$ 1,516,591	$ 1,207,295	$ 16,765,012	$ 16,183,389	$ 18,281,603	$ 17,390,684
Operating grants and contributions	856,526	755,160	-	-	856,526	755,160
Capital grants and contributions	2,965,502	2,397,663	-	-	2,965,502	2,397,663
General Revenues						
Taxes and fees	23,425,422	21,102,526	-	-	23,425,422	21,102,526
Other	355,586	2,320,436	216,732	65,129	572,318	2,385,565
Total revenues	29,119,627	27,783,080	16,981,744	16,248,518	46,101,371	44,031,598
Program Expenses						
General government	1,846,448	784,651	-	-	1,846,448	784,651
Public safety	14,765,392	13,310,270	-	-	14,765,392	13,310,270
Public works	4,096,334	3,560,192	-	-	4,096,334	3,560,192
Community development and recreation	2,402,890	2,114,486	-	-	2,402,890	2,114,486
Interest and fiscal charges	273,847	233,984	-	-	273,847	233,984
Utility fund	-	-	13,426,547	13,267,068	13,426,547	13,267,068
Total expenses	23,384,911	20,003,583	13,426,547	13,267,068	36,811,458	33,270,651
Increase (decrease) in Net Position Before Transfers	5,734,716	7,779,497	3,555,197	2,981,450	9,289,913	10,760,947
Transfers	1,176,575	1,125,243	(1,176,575)	(1,125,243)	-	-
Change in Net Position	6,911,291	8,904,740	2,378,622	1,856,207	9,289,913	10,760,947
Net Position at beginning of year	30,890,431	21,985,691	27,035,670	25,179,463	57,926,101	47,165,154
Net Position, End of Year	$ 37,801,722	$ 30,890,431	$ 29,414,292	$ 27,035,670	$ 67,216,014	$ 57,926,101

Changes in Net Position. Details of the above summarized information can be found on page 20 of this report.

Governmental Activities, The City's governmental activities experienced an increase in net position of approximately $6.9 million, compared to an increase of approximately $8.9 million during the prior fiscal year. Key elements of the operational increase include:

Revenues excluding transfers increased by $1.3 million. The major changes in revenue from the prior year are as follows:

- Capital Grants and Contributions increased by $0.6 million over the prior year due to the City receiving additional grant funding during 2023.
- Taxes and Fees increased by $2.4 million due to increased property and sales tax collections from increased property valuations.
- Other revenue decreased by $2.0 million primarily due to one-time developer contributions received in 2022.

Business-Type Activities. Revenue from the City's business-type activities increased by $0.8 million. Total revenue increased from $16.2 million in the prior year to $17.0 million in the current year. Key elements are as follows:

- Water sales remained stable decreasing from $6.1 million to $6.0 million resulting from water rates remaining the same year over year.
- Wastewater sales also remained stable, increasing from $5.3 million to $5.4 million as wastewater rates remained the same year over year.
- Solid waste sales increased from $3.8 million to $4.2 million resulting from increased rates in fiscal year 2023.
- Expenses of the City's business-type activities increased by $0.1 million over the prior year due to personnel costs associated with pay increases and new positions.

Financial Analysis of the City's Funds

Governmental Funds. The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The Governmental Accounting Standards Board has defined five types of fund balances, which, are more fully described in the footnotes to the financials. The City uses four of the five types of fund balances defined: no spendable, restricted, committed, and unassigned. At the end of the year, the City's governmental funds reported combined ending fund balances of $24.0 million, compared to $20.0 million at the end of the prior fiscal year.

The General Fund is the chief operating fund of the City. The unassigned fund balance serves as a useful measure of the City's resources available for spending at the end of the fiscal year. When fiscal year 2023 ended the General Fund had $7.6 million unassigned fund balance, compared to $11.8 million unassigned fund balance in fiscal year 2022. As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represented 38.4% of total General Fund expenditures compared to 58.7% of total General Fund expenditures in the prior year.

Proprietary Funds. The City's proprietary fund statements provide essentially the same type of information found in the government-wide financial statements but in more detail. Net position of the Utility Fund increased by $2.4 million; from $27.0 million to $29.4 million in the current fiscal year.

General Fund Budgetary Highlights

For fiscal year 2023, General Fund actual revenues came in above budget by $0.4 million. The largest element of the increase was taxes and fees, which exceeded the budget by $1.1 million mostly due to sales tax revenue increases from increased commerce within the city.

For fiscal year 2023, the City Council adopted a General Fund operating budget that included expenditures of $24.2 million.

For fiscal year 2023, General Fund actual expenditures came in under budget by $3.9 million resulting from decreases in personnel expenditures due to vacancies mainly in Public Safety and Public Works departments.

The budget is adopted on a basis consistent with General Accepted Accounting Principles (GAAP).

Capital and Lease Assets and Debt Administration

Capital and Lease Assets. The City's investment in capital and lease assets, net of accumulated depreciation and amortization, for its governmental and business-type activities at September 30, 2023, totaled $59.4 million, a $2.4 million increase over the prior fiscal year's balance of $57.0 million. The investment in capital and lease assets includes land, buildings, improvements, equipment, construction in progress, infrastructure, vehicles, and subscription-based IT arrangements (SBITAs).

Table 3
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 1,427,367	$ 1,409,837	$ 792,615	$ 792,615	$ 2,219,982	$ 2,202,452
Building	8,119,425	8,119,425	2,425,960	2,425,960	10,545,385	10,545,385
Improvements	16,100,410	16,100,410	-	-	16,100,410	16,100,410
Vehicles	4,371,300	4,403,112	1,887,331	1,818,651	6,258,631	6,221,763
Equipment	4,089,663	3,635,163	6,252,427	5,579,121	10,342,090	9,214,284
Construction in progress	4,896,988	829,199	-	-	4,896,988	829,199
Streets and bridges	9,744,097	9,744,097	-	-	9,744,097	9,744,097
System improvements	-	-	36,008,802	36,008,802	36,008,802	36,008,802
Lease vehicles	1,197,726	683,162	-	-	1,197,726	683,162
SBITA assets	162,281	-	-	-	162,281	-
Accumulated depreciation and amortization	(16,598,427)	(14,325,102)	(21,469,255)	(20,259,654)	(38,067,682)	(34,584,756)
Total	$ 33,510,830	$ 30,599,303	$ 25,897,880	$ 26,365,495	$ 59,408,710	$ 56,964,798

Remaining construction project costs as of September 30, 2023, include the following items:

- City facilities renovation project with estimated total cost of $3 million of which $2.4 million has been spent as of year-end.
- SMT Street Improvement Project (excluding engineering) with estimated total costs of $1.6 million of which $1.3 million has been spent as of year-end.
- Water & Wastewater Master Plan Update Project with estimated total costs of $220,000 of which $71,800 has been spent as of year-end.

Additional information about the City's capital and lease assets can be found in Note 7.

Long-term Debt. A summary of the City's total outstanding debt follows:

Table 4
Outstanding Debt
Outstanding Debt and Liabilities

	Governmental activities		Business-type activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Gross bonded debt						
General obligation bonds	$ 2,070,000	$ 2,600,000	$ -	$ -	$ 2,070,000	$ 2,600,000
Certificates of obligation	4,130,000	4,225,000	-	-	4,130,000	4,225,000
Revenue bonds	-	-	4,265,000	4,775,000	4,265,000	4,775,000
Lease liabilities	795,810	497,727	-	-	795,810	497,727
SBITA liabilities	110,305	-	-	-	110,305	-
Financed purchases	2,983,150	3,144,103	-	1,734,183	2,983,150	4,878,286
Total	$ 10,089,265	$ 10,466,830	$ 4,265,000	$ 6,509,183	$ 14,354,265	$ 16,976,013

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter that limits the maximum tax rate for all City purposes to $2.50 per $100 of assessed valuation. The Attorney General of the State of Texas permits an allocation of $1.50 of the $2.50 maximum tax rate for general obligation bonds debt service. The FY2023 interest and sinking fund tax rate per $100 of assessed valuation was $0.042001, which is significantly below the maximum allowable tax rate.

As of September 30, 2023, the City's total outstanding debt has decreased by $2.6 million, or 15% from the prior fiscal year. The main reason for the decrease in outstanding debt is attributed to scheduled Fiscal Year 2023 debt payments.

The bond rating from Standard and Poor's is A+ on both obligations.

Additional information about the City's long-term debt can be found in Note 8.

Economic Factors and the Next Fiscal Year's Budget and Rates

The property tax rate for Fiscal Year 2024 is 0.794629 per $100 of assessed value which remained the same from fiscal year 2023.

Per the Bureau of Labor Statistics, the Dallas/Fort Worth/Arlington area April unemployment rate increased to 3.8% from 3.5% the year before. Prices, as measured by the Consumer Price Index for all Urban Consumer (CPI-U), rose 0.6% for the two months ending in March 2024 and down 5.2% over the year. Despite increased prices, Fiscal Year 2023 sales tax activity remained very strong through the year reflecting a year-to-date increase over the prior year of 8% through September 2023 receipts.

Property tax values continue to increase as the region continues to show growth. Property tax receipts have already exceeded prior year by $1.7 million as of May 2024. Moving forward and despite anticipated large protest activity, Dallas Appraisal District estimates entities will see an increase in market value as real estate market remains positive (supply of homes on market remains low, but supply of homes are up from 2023). Entities market and taxable values will also increase due to 2024 reappraisal effort and capped homestead calculations.

Despite economic challenges, the city continues to grow, and budget continues to be tremendously positive. Economic Development teams relentless efforts of engaging with developers and thinking outside the box has generated tremendous growth. In addition, Grants Administration's continued efforts to capitalize on external funding opportunities has enabled the City to pursue avenues that may not otherwise, be feasible.

The City also continues to implement long and short-term strategies to maintain revenue high and expenditures low. Through internal efficiency study, the City is planning personnel re-structure to ensure efficient use of all resources throughout all departments. We believe an early financial response will mitigate extreme actions later. We will continue to monitor revenues and cash flows on a month-to-month basis and make changes to operations, as necessary. When necessary, spending or hiring freeze will be implemented to slow the flow of money out the door and keep budget balanced.

We look forward to another challenging yet promising year.

Requests for Information

The financial report is designed to provide a general overview of the City of Balch Spring's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Director of Finance, City of Balch Springs, 13503 Alexander Road, Balch Springs, Texas 75181-3401 or by email at financemanager@cityofbalchsprings.com.

Basic Financial Statements

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City of Balch Springs, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	$ 23,635,642	$ 9,276,059	$ 32,911,701	$ 8,958,897
Receivables, net of allowance				
Ad valroem taxes, net	759,264	-	759,264	-
Sales taxes	1,592,109	-	1,592,109	530,702
Fines, net	638,971	-	638,971	-
Accounts, net	-	2,289,245	2,289,245	-
Leases	159,099	-	159,099	-
Other	374,314	-	374,314	-
Due from other governments	9,638	-	9,638	-
Prepaid expenses and other assets	2,451,901	750	2,452,651	-
Inventory	-	430,239	430,239	-
Restricted cash and cash equivalents	-	1,592,737	1,592,737	175,496
Capital and lease assets, net of accumulated depreciation / amortization				
Non-depreciable	6,324,355	792,615	7,116,970	1,109,396
Depreciable	27,186,475	25,105,265	52,291,740	-
TOTAL ASSETS	63,131,768	39,486,910	102,618,678	10,774,491
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions	4,439,853	998,967	5,438,820	110,996
Deferred outflows of resources - OPEB	78,514	17,666	96,180	1,964
Deferred loss on debt refunding	-	85,211	85,211	26,335
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,518,367	1,101,844	5,620,211	139,295
LIABILITIES				
Accounts payable	1,818,919	889,685	2,708,604	34,805
Accrued liabilities	406,563	112,672	519,235	4,772
Accrued interest payable	43,392	28,742	72,134	16,879
Customer meter deposits	-	711,725	711,725	-
Due to other governments	20,817	-	20,817	-
Unearned revenue	1,885,677	-	1,885,677	-
Long-term liabilities				
Due within one year	1,900,660	933,372	2,834,032	274,456
Due in more than one year	13,616,577	6,248,256	19,864,833	4,186,129
Net pension liability	9,493,545	2,136,048	11,629,593	237,338
Total OPEB liability	330,986	74,472	405,458	8,274
TOTAL LIABILITIES	29,517,136	11,134,972	40,652,108	4,762,653
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	8,830	1,987	10,817	220
Deferred inflows of resources - OPEB	166,678	37,503	204,181	4,166
Lease related	155,769	-	155,769	-
TOTAL DEFERRED INFLOWS OF RESOURCES	331,277	39,490	370,767	4,386
NET POSITION				
Net investment in capital assets	22,899,464	20,849,972	43,749,436	(634,756)
Restricted for				
Court security	65,053	-	65,053	-
Debt service	577,883	-	577,883	-
Law enforcement	777,026	-	777,026	-
Street maintenance	3,373,959	-	3,373,959	-
Capital projects	12,942	-	12,942	-
Public safety	180,432	-	180,432	-
Promotion of tourism and hotel industry	757,797	-	757,797	-
Economic development	1,684,231	-	1,684,231	6,781,503
Grants	680,049	-	680,049	-
Unrestricted	6,792,886	8,564,320	15,357,206	-
TOTAL NET POSITION	$ 37,801,722	$ 29,414,292	$ 67,216,014	$ 6,146,747

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	$ 1,846,448	$ 718,828	$ 139,283	$ -
Public safety	14,765,392	797,763	387,243	-
Public works	4,096,334	-	-	2,965,502
Community development and recreation	2,402,890	-	330,000	-
Interest on long-term debt	273,847	-	-	-
Total governmental activities	23,384,911	1,516,591	856,526	2,965,502
Business-type activities:				
Utility fund	13,426,547	16,765,012	-	-
Total business-type activities	13,426,547	16,765,012	-	-
Total primary government	$ 36,811,458	$ 18,281,603	$ 856,526	$ 2,965,502
Component units:				
Balch Springs Industrial and Economic Development Corporation	$ 656,534	$ -	$ -	$ -
Balch Springs Community and Economic Development Corporation	905,643	-	-	-
Total component units	$ 1,562,177	$ -	$ -	$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Other local taxes				
Grants not restricted to specific programs				
Interest on investments				
Gain on sale of capital assets				
Miscellaneous				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position, end of year				

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (988,337)	$ -	$ (988,337)	$ -
(13,580,386)	-	(13,580,386)	-
(1,130,832)	-	(1,130,832)	-
(2,072,890)	-	(2,072,890)	-
(273,847)	-	(273,847)	-
(18,046,292)	-	(18,046,292)	-
-	3,338,465	3,338,465	-
-	3,338,465	3,338,465	-
$ (18,046,292)	$ 3,338,465	$ (14,707,827)	$ -
$ -	$ -	$ -	$ (656,534)
-	-	-	(905,643)
$ -	$ -	$ -	$ (1,562,177)
$ 13,441,179	$ -	$ 13,441,179	$ -
9,015,329	-	9,015,329	3,005,110
581,413	-	581,413	-
387,501	-	387,501	-
-	-	-	-
199,640	193,600	393,240	26,200
80,054	-	80,054	-
75,892	23,132	99,024	-
1,176,575	(1,176,575)	-	-
24,957,583	(959,843)	23,997,740	3,031,310
6,911,291	2,378,622	9,289,913	1,469,133
30,890,431	27,035,670	57,926,101	4,677,614
$ 37,801,722	$ 29,414,292	$ 67,216,014	$ 6,146,747

City of Balch Springs, Texas
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Capital Projects Fund	Grant Fund	Street Maintenance Tax	Non-major Governmental Funds	Total
ASSETS						
Pooled cash and cash equivalents	$ 7,763,526	$ 5,628,188	$ 2,582,213	$ 3,354,614	$ 4,307,101	$ 23,635,642
Receivables, net of allowance						
Property taxes	719,245	-	-	-	40,019	759,264
Sales taxes	1,326,758	-	-	265,351	-	1,592,109
Fines	638,971	-	-	-	-	638,971
Leases	159,099	-	-	-	-	159,099
Other	266,202	-	101,917	-	6,195	374,314
Due from other funds	179,751	-	-	-	-	179,751
Due from other governments	9,638	-	-	-	-	9,638
Prepaid items	2,451,151	-	-	-	750	2,451,901
Total assets	$ 13,514,341	$ 5,628,188	$ 2,684,130	$ 3,619,965	$ 4,354,065	$ 29,800,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts and contracts payable	$ 1,191,986	$ -	$ 370,061	$ 246,006	$ 10,866	$ 1,818,919
Accrued liabilities	371,783	-	1,172	-	33,608	406,563
Due to other funds	-	-	179,751	-	-	179,751
Due to other governments	20,817	-	-	-	-	20,817
Unearned revenue	432,580	-	1,453,097	-	-	1,885,677
Total liabilities	2,017,166	-	2,004,081	246,006	44,474	4,311,727
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	695,555	-	-	-	38,610	734,165
Unavailable revenues - court fines	604,629	-	-	-	-	604,629
Lease related	155,769	-	-	-	-	155,769
Total deferred inflows of resources	1,455,953	-	-	-	38,610	1,494,563
FUND BALANCES						
Nonspendable:						
Prepaid items	2,451,151	-	-	-	750	2,451,901
Restricted:						
Court security	-	-	-	-	65,053	65,053
Debt service	-	-	-	-	559,983	559,983
Law enforcement	-	-	-	-	777,026	777,026
Street maintenance	-	-	-	3,373,959	-	3,373,959
Capital projects	-	-	-	-	12,942	12,942
Public safety	-	-	-	-	180,432	180,432
Promotion of tourism and hotel industry	-	-	-	-	757,797	757,797
Economic development	-	-	-	-	1,684,231	1,684,231
Grants	-	-	680,049	-	-	680,049
Committed:						
Emergency management reserve	-	-	-	-	234,156	234,156
Assigned:						
Capital projects		5,628,188				5,628,188
Unassigned	7,590,071	-	-	-	(1,389)	7,588,682
Total fund balances	10,041,222	5,628,188	680,049	3,373,959	4,270,981	23,994,399
Total liabilities, deferred inflows of resources and fund balances	$ 13,514,341	$ 5,628,188	$ 2,684,130	$ 3,619,965	$ 4,354,065	$ 29,800,689

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2023

Total fund balances - governmental fund		$ 23,994,399
Amounts reported for governmental activities in the statement of net position are different because:		
Capital, lease and SBITA assets (net of accumulated depreciation/amortization) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital, lease, and SBITA assets are reported in the government-wide financial statements, net of accumulated depreciation/amortization.		33,510,830
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet		(43,392)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		1,338,794
Deferred outflows of resources, $4,518,367, and deferred inflows of resources ($175,508) related to the City's net pension and OPEB liabilities, combined, result in an increase in net position in the government-wide financial statements. This is the net amount of the deferred outflows and inflows.		4,342,859
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General obligation bonds	$ (2,070,000)	
Certificates of obligation	(4,130,000)	
Premiums on bond debt	(176,489)	
Compensated absences	(5,161,483)	
Financed purchases	(2,983,150)	
Lease liabilities	(795,810)	
SBITA liabilities	(110,305)	
Claims and judgements	(90,000)	
Total OPEB liability	(330,986)	
Net pension liability	(9,493,545)	(25,341,768)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 37,801,722

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended September 30, 2023

	General Fund	Capital Projects Fund	Grant Fund	Street Maintenance Tax	Non-major Governmental Funds	Total
Revenues:						
Taxes and fees	$ 20,401,668	$ -	$ -	$ 1,502,555	$ 1,250,364	$ 23,154,587
Licenses and permits	578,512	-	-	-	-	578,512
Intergovernmental	393,877	-	3,288,868	-	139,283	3,822,028
Charges for services	138,285	-	-	-	2,031	140,316
Fines and forfeitures	378,493	-	-	-	61,283	439,776
Interest	145,707	2,318	6,374	4,834	40,407	199,640
Miscellaneous revenues	47,450	10,678	-	-	17,764	75,892
Total revenues	22,083,992	12,996	3,295,242	1,507,389	1,511,132	28,410,751
Expenditures:						
Current:						
General government	1,545,120	-	-	-	5,899	1,551,019
Public safety	12,831,860	-	333,842	-	97,859	13,263,561
Public works	2,732,854	-	76,335	123,891	4,645	2,937,725
Community development and recreation	1,870,255	-	22,224	-	98,629	1,991,108
Capital outlay	771,097	-	3,208,867	1,064,538	5,821	5,050,323
Debt service:						
Principal retirement	398,847	-	-	-	625,000	1,023,847
Interest and fiscal charges	169,523	-	-	-	216,000	385,523
Total expenditures	20,319,556	-	3,641,268	1,188,429	1,053,853	26,203,106
Excess (deficiency) of revenues over (under) expenditures	1,764,436	12,996	(346,026)	318,960	457,279	2,207,645
Other financing sources (uses):						
Transfers in	1,302,593	5,235,084	84,396	-	168,550	6,790,623
Transfers out	(5,441,168)	-	-	(42,185)	(130,695)	(5,614,048)
Insurance recoveries	67,698	-	-	-	-	67,698
Sale of equipment	-	-	-	-	60,268	60,268
Leases (as lessee)	514,564	-	-	-	-	514,564
Total other financing sources (uses)	(3,556,313)	5,235,084	84,396	(42,185)	98,123	1,819,105
Net change in fund balances	(1,791,877)	5,248,080	(261,630)	276,775	555,402	4,026,750
Fund balance at beginning of year	11,833,099	380,108	941,679	3,097,184	3,715,579	19,967,649
Fund balance, end of year	$ 10,041,222	$ 5,628,188	$ 680,049	$ 3,373,959	$ 4,270,981	$ 23,994,399

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities
For the Fiscal Year Ended September 30, 2023

Net change in fund balances - total governmental funds		$ 4,026,750
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($5,070,483) exceeded deletions ($47,912) in the current period.		5,022,571
Depreciation/amortization expense on capital and lease assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds.		(2,273,325)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statement of net position. Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
Leases (as lessee)	$ (514,564)	
General and certificates of obligation bonds	625,000	
Financed purchases	160,953	
Lease liability	185,918	
SBITA liability	51,976	
Amortization of premiums on bonds issued	42,504	
Interest expense on leases and SBITAs	53,569	605,356
Implementation of GASB 68 and 75 requires certain expenditures to be de-expended and recorded as deferred. The following is the net effect of current year pension and OPEB expense, amortization of prior deferred pension and OPEB inflows and outflows, and contributions made after the measurement date.		(675,733)
Current year change in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(479,347)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		11,197
Long-term liabilities, including claims and judgments are not due and payable in the current period and therefore are not reported in the governmental funds.		45,000
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these balances for the year.		628,822
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 6,911,291

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Utility Fund
ASSETS	
Current assets:	
Pooled cash and cash equivalents	$ 9,276,059
Receivables (net of allowance for uncollectibles):	
Accounts	2,289,245
Prepaid expenses	750
Inventory	430,239
Total current assets	11,996,293
Noncurrent assets:	
Restricted cash and cash equivalents	1,592,737
Capital assets:	
Land and right of way easements	792,615
Buildings	2,425,960
Machinery, equipment and vehicles	8,139,758
Water and sewer distribution systems	36,008,802
Less: accumulated depreciation	(21,469,255)
Total noncurrent assets	27,490,617
Total assets	39,486,910
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on debt refunding	85,211
Deferred outflows - pensions	998,967
Deferred outflows - OPEB	17,666
Total deferred outflows of resources	1,101,844
Total assets and deferred outflows of resources	$ 40,588,754

The Notes to the Basic Financial Statements are an integral part of this statement.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	$	889,685
Accrued wages		42,783
Accrued expenses		69,889
Compensated absences - current portion		132,540
Payable from restricted resources:		
Bonds payable		525,000
Financed purchases		275,832
Accrued interest payable		28,742
Customer meter deposits		711,725
Total current liabilities		2,676,196
Non-current liabilities:		
Bonds payable		3,864,693
Financed purchases		1,190,743
Net pension liability		2,136,048
Net OPEB liability		74,472
Compensated absences		1,192,820
Total noncurrent liabilities		8,458,776
Total liabilities		11,134,972
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions		1,987
Deferred inflows - OPEB		37,503
Total deferred inflows of resources		39,490
Net position:		
Net investment in capital assets		20,849,972
Unrestricted		8,564,320
Total net position		29,414,292
Total liabilities, deferred inflows of resources and net position	$	40,588,754

City of Balch Springs, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Utility Fund
Operating revenues:	
Charges for services	$ 16,765,012
Miscellaneous	23,132
Total operating revenues	16,788,144
Operating expenses:	
Personnel services	2,449,982
Professional services	208,627
Materials and supplies	120,417
Utilities	153,788
Repairs and maintenance	476,639
Minor equipment and rental	29,446
Benefits provided	900,136
Insurance	113,786
Purchase of water	1,824,779
Sewage	1,811,346
Solid waste	3,598,158
Other services and charges	351,882
Depreciation	1,209,598
Total operating expenses	13,248,584
Operating income	3,539,560
Non-operating revenues (expenses):	
Interest income	193,600
Interest and fiscal charges	(177,963)
Total non-operating revenue (expenses)	15,637
Income before transfers	3,555,197
Transfers out	(1,176,575)
Change in net position	2,378,622
Net position at beginning of year	27,035,670
Net position, end of year	$ 29,414,292

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Utility Fund
Cash flow from operating activities:	
Cash received from customers	$ 16,454,951
Cash paid to employees for services	(1,828,541)
Cash paid for goods and services	(10,215,310)
Net cash provided by operating activities	4,411,100
Cash flow from noncapital financing activities:	
Transfers to other funds	(1,192,675)
Net cash used in noncapital financing activities	(1,192,675)
Cash flow from capital and related financing activities:	
Principal paid on revenue bond maturities and financed purchases	(777,608)
Interest paid	(169,214)
Acquisition of capital assets	(725,883)
Net cash used in capital financing activities	(1,672,705)
Cash flow from investing activities:	
Interest income	193,600
Net cash provided by investing activities	193,600
Net increase in cash and cash equivalents	1,739,320
Cash and cash equivalents, beginning of year (including $1,374,187 reported in restricted accounts)	9,129,476
Cash and cash equivalents, end of the year (including $1,592,737 reported in restricted accounts)	$ 10,868,796
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 3,539,560
Adjustments to reconcile operating income to	
Net cash provided by operating activities:	
Depreciation	1,209,598
(Increases) decreases in assets and deferred outflows:	
Accounts receivable	(356,933)
Inventories	(33,561)
Prepaid expenses	619
Deferred outflows of resources	(619,980)
Increases (decreases) in liabilities and deferred inflows:	
Accounts payable and accrued liabilities	(593,364)
Compensated absences	464,378
Customer meter deposits	23,740
Net pension liability	1,267,866
Total OPEB liability	(33,001)
Deferred inflows of resources	(457,822)
Net cash provided by operating activities	$ 4,411,100

The Notes to the Basic Financial Statements are an integral part of this statement.

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City of Balch Springs, Texas
Statement of Net Position
Component Units
September 30, 2023

	Balch Springs Industrial and Economic Development Corporation	Balch Springs Community and Economic Development Corporation	Total
ASSETS			
Current assets			
Pooled cash and cash equivalents	$ 4,918,200	$ 4,040,697	$ 8,958,897
Receivables, net of allowance			
Sales tax	265,351	265,351	530,702
Total current assets	5,183,551	4,306,048	9,489,599
Noncurrent assets			
Capital not being depreciated			
Land	1,109,396	-	1,109,396
Restricted cash and cash equivalents	-	175,496	175,496
Total noncurrent assets	1,109,396	175,496	1,284,892
TOTAL ASSETS	6,292,947	4,481,544	10,774,491
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	55,498	55,498	110,996
Deferred outflows of resources - OPEB	982	982	1,964
Deferred loss on debt refunding	26,335	-	26,335
TOTAL DEFERRED OUTFLOWS OF RESOURCES	82,815	56,480	139,295
LIABILITIES			
Current liabilities			
Accounts payable	10,999	23,806	34,805
Accrued liabilities	2,386	2,386	4,772
Accrued interest payable	5,679	11,200	16,879
Current portion of compensated absences	4,728	4,728	9,456
Current portion of bonds payable	185,000	80,000	265,000
Total current liabilities	208,792	122,120	330,912
Noncurrent liabilities			
Compensated absences	42,552	42,552	85,104
Bonds payable, including premium	1,732,499	2,368,526	4,101,025
Net pension liability	118,669	118,669	237,338
Total OPEB liability	4,137	4,137	8,274
Total noncurrent liabilities	1,897,857	2,533,884	4,431,741
TOTAL LIABILITIES	2,106,649	2,656,004	4,762,653
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	110	110	220
Deferred inflows of resources - OPEB	2,083	2,083	4,166
TOTAL DEFERRED INFLOWS OF RESOURCES	2,193	2,193	4,386
NET POSITION			
Net investment in capital assets	(634,756)	-	(634,756)
Restricted for:			
Economic development	4,901,676	1,879,827	6,781,503
TOTAL NET POSITION	$ 4,266,920	$ 1,879,827	$ 6,146,747

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Balch Springs, Texas
Statement of Activities
Component Units
For the Year Ended September 30, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component units:				
Balch Springs Industrial and Economic Development Corporation	$ 656,534	$ -	$ -	$ -
Balch Springs Community and Economic Development Corporation	905,643	-	-	-
Total component units	$ 1,562,177	$ -	$ -	$ -
General revenues:				
Taxes				
Sales taxes				
Investment earnings				
Total general revenues				
Change in net position				
Net position at beginning of year				
Net position, end of year				

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Balch Springs Industrial and Economic Development Corporation	Balch Springs Community and Economic Development Corporation	Total
$ (656,534)	$ -	$ (656,534)
-	(905,643)	(905,643)
$ (656,534)	$ (905,643)	$ (1,562,177)
$ 1,502,555	$ 1,502,555	$ 3,005,110
12,104	14,096	26,200
1,514,659	1,516,651	3,031,310
858,125	611,008	1,469,133
3,408,795	1,268,819	4,677,614
$ 4,266,920	$ 1,879,827	$ 6,146,747

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Note 1. Summary of Significant Accounting Policies

The accounting policies of the City of Balch Springs, Texas (City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, other finances sources (uses), and nonoperating revenues (expenses). Actual results could vary from the estimates that are used. Significant policies of the City are described below.

The City, originally incorporated in 1990, is a municipal corporation incorporated under Article XI of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the public safety (police and fire), water and sewer utilities, public works, library, parks and recreation, and general administrative services of the City, and its residents. The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers and significantly influence operations. It also has the primary accountability for fiscal matters.

A. Financial Statement Presentation

The City's basic financial statements include the separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of GASB Statement No. 14, *the Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14 and GASB Statement 61, *the Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. GASB Statement No. 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either: (1) the primary government must be able to impose its will or (2) the primary government may potentially benefit financially or be financially responsible for the component unit. The Balch Springs Industrial and Economic Development Corporation 4A (4A) and the Balch Springs Community and Economic Development Corporation 4B (4B) are nonprofit economic development corporations formed in October of 1982 and 1997, respectively, under the Development Corporation Act of 1979. Both 4A and 4B are organized exclusively for the purposes of benefiting and accomplishing public purposes and to act on behalf of the City. This includes the construction and renovation of streets and municipal buildings, the acquisition, improvement, and operation of parks, as well as other economic development purposes.

The affairs of these corporations are managed by two separate Boards of Directors, which are appointed by the City Council. The City Council approves annual budgets and issuances of debt. 4A and 4B have been presented as discretely presented component units in the accompanying financial statements. Separate financial statements of the individual component units are not available.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all the City's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. "Direct expenses" are those that are clearly identifiable with a specific program of City government. "Program revenues" include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for Governmental Funds and Proprietary Funds. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of Governmental Funds is on the sources, uses, and balances of current financial resources. The City has presented the following major Governmental Funds:

General Fund: The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund: To account for financial activity associated with long-term capital projects within governmental funds.

Grant Fund: To account for financial activity associated with federal, state, and local grants. Resources are only spent according to the terms of the grant.

Street Maintenance Tax Fund: To account for the financial activity associated with the one-quarter cent (¼¢) sales tax dedicated for street maintenance.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. The City has presented the following major Proprietary Fund:

Utility Fund: The Utility Fund is used to account for the acquisition, operation and maintenance of municipal water, sewer utility, and solid waste services, supported primarily by user charges to the public.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses for the Proprietary Funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Classification of Fund Equity

Fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned in governmental funds. Nonspendable fund balances cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

E. Measurement Focus

Measurement focus is the accounting convention, which determines which assets and liabilities are included on the balance sheet of a fund type and whether a fund type's operating statement presents "financial flow" or "capital maintenance" information per fund.

The government-wide statements and fund financial statements for Proprietary Funds are reported using the economic resources measurement focus, which means all assets, deferred outflows of resources and liabilities (whether current or noncurrent), deferred inflows of resources are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position.

Governmental Fund financial statements are reported using the current financial resources measurement focus, which means only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current position) is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Proprietary Funds are accounted for on a "net income and capital maintenance" measurement focus. This means that all assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues, expenses, and transfers relating to the activity of a Proprietary Fund are accounted for through the Proprietary Fund. The measurement focus is used in the determination of net income, financial position and cash flows.

F. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, other financing sources (uses) or nonoperating revenues (expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for Proprietary Funds are accounted for using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental Fund financial statements are reported using the modified accrual basis for accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough, thereafter, to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Ad valorem, franchise and sales tax, and court fine revenues recorded in the General Fund are considered to be susceptible to accrual. Licenses and permits, charges for services (except for sanitation services), other fines and forfeits, and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

G. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. To maximize investment opportunities, all funds participate in a pooling of cash and investments.

Statutes authorize the City to invest in obligation of the U.S. Treasury, agencies and instrumentalities; obligations of the State of Texas and related agencies; obligations of state, agencies, counties, cities, and other political subdivisions of any state rated A or above by Standard & Poor's Corporation of Moody's Investors Service; certificates of deposit issued by state or national banks and savings banks domiciled in Texas; fully collateralized direct repurchase agreements; prime domestic banker's acceptance (BA's); commercial paper with a stated maturity of 180 days or less and a rating of not less than A-1+ or its equivalent' and state or local government investment pools.

Investment in debt securities and money market mutual funds for the City are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City considers quoted market price at September 30, 2023, to be the fair value of investments. The government investment pools, TexPool and LOGIC, operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

H. Allowance for Uncollectible Accounts

An allowance for uncollectible taxes including penalties and interest, water and sewer, and court fees and fines billed receivables is provided based on an analysis of historical trends. The allowances at September 30, 2023, were $126,548 for uncollectible taxes, $25,986 for water and sewer billings, and $3,704,472 for court fees and fines.

I. Lease Receivable

The City is a lessor for noncancellable leases related to cellular towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

J. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances", if applicable.

K. Transactions Between Funds

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used and reimbursements, are recorded as transfers.

L. Capital Assets and Leased Assets

Capital and leased assets, which include property, plant equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for Proprietary Funds and discretely presented component units. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have a useful life of over one year. Depreciation, which includes amortization of leased assets and financed purchases, is recorded on each class of depreciable property utilizing the straight-line method over the shorter of the estimated useful life or lease term of the related assets at the acquisition date or date placed in service. Estimated useful lives of major categories of property are:

Assets	Years
Vehicles	7 - 15 years
Furniture and equipment	5 - 15 years
Machinery and equipment	15 years
Buildings and improvements	10 - 50 years
Subscription-based IT arrangements (SBITA)	1-5 years

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension and other postemployment benefit (OPEB) contributions after measurement date –These contributions are deferred and recognized in the following fiscal year.
- Differences between expected and actual economic experience for the City's pension and OPEB plan – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Change in pension and OPEB assumptions – These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions and OPEB through the pension and OPEB plans (active and inactive employees) determined as of the beginning of the measurement period.

- Net difference in projected and actual earnings (pensions) – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Difference in expected versus actual experience for the City's pension and OPEB plan – This difference is deferred and amortized over the estimated average remaining service lives of all employees that are provided with pensions and OPEB through the pension and OPEB plans (active and inactive employees) determined as of the beginning of the measurement period.
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability. This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Net difference in projected and actual earnings (pensions) – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- Unavailable revenue – This amount represents property taxes and court fines receivable that were not collected within the 60-day availability period subsequent to year-end. This amount is deferred and recognized once payments are made in the following fiscal year. This item is only presented in the Balance Sheet - Governmental Funds.

N. Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

O. Accumulated Unpaid Vacations, Sick Leave, and Other Employee Benefit Amounts

The City's Police and Fire Department employees (civil service) accumulate 10 sick hours and 15 sick hours per month, respectively. The leave may be accumulated without limit. Upon termination, the civil service employees will receive lump sum payment for the full amount of sick days, if not more than 90 days are accumulated. If accumulation is in excess of 90 days, the lump sum payment is limited to that amount which would remain if the employee was allowed to use 90 days in the last six months of employment.

All other City employees accumulate 10 hours of sick leave per month. Non-civil service employees are required to be a City employee for at least 10 years to receive pay for unused sick leave. This pay is limited to 90 days.

Vacation time for the City's Police and Fire Department employees will accumulate up to 15 days (120 hours) per year with accumulation from year to year only upon the approval of the City Council. All other employees will accrue vacation according to length of service and accumulation from year to year will be only upon the approval of the City Manager. Upon termination, all employees will be paid for their accumulated vacation time. At September 30, 2023, the liability for accrued compensated absences is approximately $6,581,000. The amount expected to be paid from current resources is immaterial.

P. Long-Term Debt

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Q. Lease Liabilities

The City is a lessee for noncancellable leases of vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life for lease term, whichever is shorter.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital and leased assets and lease liabilities are reported with long-term liabilities on the statement of net position.

R. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $50,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

S. Defined Benefit Pension Plan

For purposes of measuring the net pension liability, pension related deferred outflows of resources, and deferred inflows of resources and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions

to/deductions from the City's fiduciary net position have been determined on the same basis as reported by TMRS. For this purpose, plan contributions are recognized in the period compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

T. Defined Benefit Other Postemployment Benefit Plan

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

U. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financials utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets: This amount consists of capital and leased assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position: This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

V. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either: (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

W. Fund Balance and Net Position Flow Assumptions

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

W. GASB Pronouncements Implemented by the City

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing these relationships and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The requirements of this Statement have no impact on the City's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. The City has implemented this Statement in fiscal year 2023.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended and terminology updates related to Statements No. 53 and 63 were implemented in the prior fiscal year. All other requirements of this Statement have been implemented in fiscal year 2023.

X. Future Financial Reporting Requirements

The City has reviewed GASB pronouncements that become effective in future years and notes the following statements are applicable to the City.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 – This statement improves the clarity and requirements for accounting changes and error corrections. This statement will be effective for the City in fiscal year 2024.

GASB Statement No. 101, Compensated Absences – This statement addresses the recognition and measurement of compensated absences. This statement will be effective for the City in fiscal year 2025.

GASB Statement No. 102, Certain Risk Disclosures – This statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or restraints. This statement will be effective for the City in fiscal year 2025.

GASB Statement No. 103, Financial Reporting Model Improvements – This statement establishes new accounting and financial reporting requirements or modifies existing requirements. This statement will be effective for the City in fiscal year 2026.

Note 2. Pooled Cash and Investments

A. Cash

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by the state statutes at September 30, 2023. At year-end, the carrying amount of the City's cash and cash equivalents was $43,638,831 (composed of $34,504,438 related to the primary government and $9,134,393 related to discretely presented component units). Of this amount, the amount of the City's cash and cash equivalents that was fully collateralized was $36,854,947 (composed of $27,818,613 related to the primary government and $9,036,334 related to discretely presented component units). The remaining amount of the City's cash and cash equivalents balance relates to pooled investments held with TexPool and LOGIC.

Restricted cash refers to assets that are held for a specific purpose and therefore not available for immediate or general business use. The restrictions are generally by contractual agreements or regulatory agreements. The City reports restricted investments for debt service and customer meter deposits related to the Utility Fund as well as restricted unspent bond proceeds in the discretely presented component units.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and municipal pools. During the year ended September 30, 2023, the City's investments were fully comprised of external investment pools.

Governmental investments are categorized as either: (1) insured or registered for which securities are held by the City or its agent in the City's name (2) uninsured and unregistered for which securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty or its trust department or agent, but not in the City's name.

B. Interest Rate Risk

The strategy of the City is to maintain sufficient liquidity in its portfolio and structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

C. Custodial Credit Risk

Custodial credit risk is the risk that a government will not be able to recover: (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases and contracts with a third-party safekeeping agent.

The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC investments are not categorized in accordance with GASB Statement No. 3, Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements, disclosure requirements since the City has not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC is measured at net asset value and is designed to approximate the share value. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and money market mutual funds at amortized costs.

D. Credit Risk

In compliance with the City's Investment Policy as of September 30, 2023, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, pre-qualifying financial institutions, broker/dealers, and advisors with which the City does business and diversifying the investment portfolio so that potential losses on individual securities are minimized.

Investments carried as cash equivalents due to liquidity measured as of September 30, 2023, are as follows:

	Carrying Amount	Fair Value	Weighted-Average Maturity (Years)
Primary government			
TexPool	$ 3,879,137	$ 3,879,137	0.003
LOGIC	2,806,688	2,806,688	0.003
Total primary government	6,685,825	6,685,825	
Component units			
TexPool	98,059	98,059	0.003
Total component units	98,059	98,059	
Total	$ 6,783,884	$ 6,783,884	

Deposits and investments as of September 30, 2023, are as follows:

Primary government		
Deposits	$	27,818,613
Investments		5,093,088
Restricted investments		1,592,737
Total primary government		34,504,438
Component units		
Deposits		9,036,334
Investments		98,059
Total component units		9,134,393
Total cash and cash equivalents	$	43,638,831

Note 3. Disclosures About Fair Values of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

A. Investment in State Investment Pools

During the year, the City invested in two public fund investment pools, including TexPool and LOGIC. The fair value of the position of the pools for LOGIC is measured at net asset value and is designed to approximate the share value. The fair value of the position of in TexPool is measured at amortized cost per share as the pool meets requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

B. Recurring Measurements

As of the September 30, 2023, the City's primary government had investments in TexPool and LOGIC of $3,879,137 and $2,806,688, respectively, and Component Units had investments in TexPool of $98,059.

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Note 4. Property Taxes

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1, and are due and payable on or before January 31, of the following year. All unpaid taxes become delinquent February 1, of the following year. Tax collections for the year ended September 30, 2023, were 97.8% of the levy. Dallas County bills and collects property taxes for the City. Any uncollected property taxes at September 30, that are collected within 60 days are recognized as revenue and recorded as taxes receivable. Any uncollected property taxes at September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred inflow of resources. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

The statutes of the state of Texas do not prescribe a legal debt limit, nor does the City's charter provide for a debt limit. However, provision of Article XI, Section 5 of the Texas Constitution applicable to cities with populations greater than 5,000 limits the ad valorem tax rate to $2.50 per $100 assessed valuation. However, as a city operating under a Home Rule Charter, the City has a debt limit of $1.50 per $100 assessed valuation. For the year ended September 30, 2023, the City had a combined tax rate to finance general government service and debt service of $0.795 per $100.00 assessed valuation.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. If a city with a population of less than 30,000 adopts a tax rate that exceeds the greater of the City's voter-approval tax rate or the de minimis tax rate, the city council must order an election to approve the adopted tax rate for the November uniform election date.

Note 5. Lease Receivable

The City leases a portion of its property to various cell phone companies and businesses who use the space to conduct their operations, the terms of which expire 2023 through 2033. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized $28,780 in lease revenue and $1,360 in interest revenue during the current fiscal year related to these leases. As of September 30, 2023, the City's receivable for lease payments was $159,099. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2023, the balance of the deferred inflow of resources was $155,769.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2023:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total Receipts
2024	$ 18,040	$ 3,273	$ 21,313
2025	15,892	2,944	18,836
2026	15,892	2,609	18,501
2027	15,892	2,267	18,159
2028	15,892	1,917	17,809
2029-2033	77,491	4,091	81,582
Total	$ 159,099	$ 17,101	$ 176,200

Note 6. Interfund Transactions

The composition of interfund balances as of September 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Fund	$ 179,751
		$ 179,751

The outstanding balances between funds result mainly from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The general fund expects to collect these amounts in the subsequent year.

Interfund transfers represent payments between funds that are designed to cover various operating and overhead expenses and to allocate charges for services performed by one fund on behalf of another fund.

For the year ended September 30, 2023, interfund transactions were as follows:

Transfer Out	Transfer In				
	General Fund	Capital Projects Fund	Grant Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 5,235,084	$ 84,396	$ 121,688	$ 5,441,168
Street Maintenance Tax Fund	42,185	-	-	-	42,185
Non-major Governmental Funds	83,833	-	-	46,862	130,695
Utility Fund	1,176,575	-	-	-	1,176,575
Total	$ 1,302,593	$ 5,235,084	$ 84,396	$ 168,550	$ 6,790,623

During the fiscal year, the transfers were used to fund City improvements, capital asset purchases, and to fund an Emergency Reserve Fund to create and grow a financial reserve for instances of disaster, economic instability, and other emergencies within the City.

Note 7. Capital and Leased Assets

Capital and leased assets of the Governmental Activities are as follows:

	Balance October 1, 2022	Increases	Decreases	Adjustments/ Transfers	Balance September 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 1,409,837	$ 17,530	$ -	$ -	$ 1,427,367
Construction in progress	829,199	4,067,789	-	-	4,896,988
Total capital assets, not being depreciated	2,239,036	4,085,319	-	-	6,324,355
Capital assets being depreciated/amortized:					
Buildings	8,119,425	-	-	-	8,119,425
Improvements	16,100,410	-	-	-	16,100,410
Furniture and equipment	3,635,163	470,600	-	(16,100)	4,089,663
Vehicles	4,403,112	-	(31,812)	-	4,371,300
Infrastructure	9,744,097	-	-	-	9,744,097
Leased vehicles	683,162	514,564	-	-	1,197,726
SBITAs	-	162,281	-	-	162,281
Total capital assets being depreciated/amortized	42,685,369	1,147,445	(31,812)	(16,100)	43,784,902
Less accumulated depreciation/amortization for:					
Buildings	4,502,003	204,170	-	-	4,706,173
Improvements	2,193,970	805,345	-	-	2,999,315
Furniture and equipment	2,037,687	321,249	-	-	2,358,936
Vehicles	2,721,738	342,107	-	-	3,063,845
Infrastructure	2,692,502	303,299	-	-	2,995,801
Leased vehicles	177,202	243,061	-	-	420,263
SBITAs	-	54,094	-	-	54,094
Total accumulated depreciation/amortization	14,325,102	2,273,325	-	-	16,598,427
Total capital assets being depreciated/amortized, net	28,360,267	(1,125,880)	(31,812)	(16,100)	27,186,475
Governmental activities capital and leased assets, net	$ 30,599,303	$ 2,959,439	$ (31,812)	$ (16,100)	$ 33,510,830

Depreciation/amortization expense was charged as a direct expense to programs of the primary government as follows:

General and administrative	$ 87,202
Public safety	665,622
Public works	1,156,531
Community development and recreation	363,970
Total depreciation and amortization expense - governmental activities	$ 2,273,325

Capital assets of the Utility Fund are as follows:

	Balance October 1, 2022	Increases	Decreases	Adjustments/ Transfers	Balance September 30, 2023
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 263,984	$ -	$ -	$ -	$ 263,984
Right of way easements	528,631	-	-	-	528,631
Total capital assets, not being depreciated	792,615	-	-	-	792,615
Capital assets being depreciated:					
Buildings	2,425,960	-	-	-	2,425,960
Equipment	5,579,121	657,207	-	16,100	6,252,428
Infrastructure and improvement	36,008,802	-	-	-	36,008,802
Vehicles	1,818,651	68,680	-	-	1,887,331
Total capital assets being depreciated	45,832,534	725,887	-	16,100	46,574,521
Less accumulated depreciation	20,259,654	1,209,602	-	-	21,469,256
Total capital assets being depreciated, net	25,572,880	(483,715)	-	16,100	25,105,265
Business-type activities capital assets, net	$ 26,365,495	$ (483,715)	$ -	$ 16,100	$ 25,897,880

Depreciation expense of $1,209,602 was charged as a direct expense to the Utility fund within the primary government.

Capital assets of the Balch Springs Industrial and Economic Development Corporation are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Balch Springs Industrial and Economic Development Corporation				
Capital assets not being depreciated:				
Land	$ 1,109,396	$ -	$ -	$ 1,109,396
Total capital assets, not being depreciated	$ 1,109,396	$ -	$ -	$ 1,109,396

Note 8. Long-term Liabilities

The following is a summary of changes in long-term liabilities:

	Balance October 1, 2022	Additions	Retired or Refunded	Balance September 30, 2023	Amount Due within One year
Governmental activities					
General obligation bonds	$ 2,600,000	$ -	$ (530,000)	$ 2,070,000	$ 550,000
Certificates of obligation	4,225,000	-	(95,000)	4,130,000	100,000
Premiums on bond debt	218,993	-	(42,504)	176,489	-
Compensated absences	4,682,136	870,283	(390,936)	5,161,483	516,148
Financed purchases	3,144,103	-	(160,953)	2,983,150	369,506
Claims and judgments	135,000	-	(45,000)	90,000	45,000
Lease liabilities	520,733	460,995	(185,918)	795,810	265,940
SBITA liabilities	-	162,281	(51,976)	110,305	54,066
Total governmental activities	$ 15,525,965	$ 1,493,559	$ (1,502,287)	$ 15,517,237	$ 1,900,660
Business-type activities					
Revenue bonds	$ 4,775,000	$ -	$ (510,000)	$ 4,265,000	$ 525,000
Premiums on bond debt	156,886	-	(32,193)	124,693	-
Compensated absences	860,982	1,552,243	(1,087,865)	1,325,360	132,540
Financed purchases	1,734,183	-	(267,608)	1,466,575	275,832
Total business-type activities	$ 7,527,051	$ 1,552,243	$ (1,897,666)	$ 7,181,628	$ 933,372
Discretely Presented Component Units					
Revenue bonds	$ 4,385,000	$ -	$ (260,000)	$ 4,125,000	$ 265,000
Premiums on bond debt	268,679	-	(27,654)	241,025	-
Compensated absences	75,822	25,945	(7,207)	94,560	9,456
Total discretely presented component units	$ 4,729,501	$ 25,945	$ (294,861)	$ 4,460,585	$ 274,456

General long-term liabilities consist of financed purchases, lease liabilities, liabilities for accrued vacation leave, liabilities due to the State, and general obligation bonds and certificates of obligation which are direct obligations, issued on the full faith and credit of the City. Principal and interest payments on the general obligation bonds are secured by ad valorem taxes levied on all taxable property within the City and made in the Debt Service fund. Although these bonds are secured by the full faith and credit of the City, they have no specific claim against Utility Fund assets. Debt service requirements of the Utility fund including principal and interest are secured by operating revenues of the Utility fund and are expected to be less than 50% of net revenues.

Accordingly, this debt is reflected as an obligation of the Utility Fund. Proceeds from Utility fund debt issued are for the primary purpose of water and sewer distribution system improvements. Debt service requirements of the component units are secured and paid for by sales tax revenues. The total pledged revenue for each related debt issuance is included in the amortization tables later in this note.

General obligation bonds and revenue bonds outstanding at September 30, 2023, consist of the following:

	Governmental Activites	Business-type Activities	Total Primary Government	Discretely Presented Component Unit
General Obligation Bonds				
$7,200,000, 2012 General Obligation Refunding Bonds, due in annual installments through August 1, 2027, 2.00% - 3.50%	$ 2,070,000	$ -	$ 2,070,000	$ -
Certificates of Obligation				
Revenue Certificates of Obligation, due in annual installments through September 1, 2039, 2.50% - 5.00%	$ 4,130,000	$ -	$ 4,130,000	$ -
Revenue Bonds				
$6,795,000, 2016 Revenue Refunding Bonds, due in annual installments through September 1, 2031, 2.15%	$ -	$ 4,265,000	$ 4,265,000	$ -
$2,580,000, 2019 Sales Tax Revenue Bonds, due in bi-annual installments through August 15, 2042, 2031, 2.50% -	-	-	-	2,240,000
$2,255,000, 2021 Sales Tax Revenue Refunding Bonds, due in bi-annual installments through August 15, 2032, 2.50% - 4.00%	-	-	-	1,885,000
Total	$ 6,200,000	$ 4,265,000	$ 10,465,000	$ 4,125,000

The annual requirements to amortize the long-term debt as of September 30, 2023, are as follows:

General Obligation Bonds and Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	$ 650,000	$ 191,450	$ 841,450
2025	595,000	167,200	762,200
2026	615,000	144,800	759,800
2027	640,000	122,726	762,726
2028	120,000	99,750	219,750
2029-2033	930,000	430,750	1,360,750
2034-2038	2,180,000	218,644	2,398,644
2039	470,000	11,750	481,750
Total	$ 6,200,000	$ 1,387,070	$ 7,587,070

Revenue Bonds

Fiscal Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2024	$ 525,000	$ 102,295	$ 627,295
2025	545,000	86,545	631,545
2026	560,000	70,195	630,195
2027	575,000	53,395	628,395
2028	590,000	41,895	631,895
2029-2031	1,470,000	53,780	1,523,780
Total	$ 4,265,000	$ 408,105	$ 4,673,105

Revenue Bonds

Fiscal Year Ending September 30,	Discretely Presented Component Units		
	Principal	Interest	Total
2024	$ 265,000	$ 135,028	$ 400,028
2025	280,000	124,428	404,428
2026	295,000	113,228	408,228
2027	295,000	106,426	401,426
2028	305,000	99,191	404,191
2029-2033	1,415,000	369,277	1,784,277
2034-2038	650,000	204,000	854,000
2039-2042	620,000	63,400	683,400
Total	$ 4,125,000	$ 1,214,978	$ 5,339,978

Financed Purchases			
	Governmental Activities		
Fiscal Year Ending September 30,	Principal	Interest	Total
2024	$ 369,506	$ 118,097	$ 487,603
2025	382,694	104,911	487,605
2026	396,369	91,236	487,605
2027	230,870	77,053	307,923
2028	240,567	67,356	307,923
Thereafter	1,363,144	176,465	1,539,609
Total	$ 2,983,150	$ 635,118	$ 3,618,268

Financed Purchases			
	Business-Type Activities		
Fiscal Year Ending September 30,	Principal	Interest	Total
2024	$ 275,832	$ 42,643	$ 318,475
2025	284,309	34,166	318,475
2026	293,046	25,429	318,475
2027	302,053	16,423	318,476
2028	311,335	7,140	318,475
Total	$ 1,466,575	$ 125,801	$ 1,592,376

The City is obligated under certain leases that meet the criteria to be accounted for as financed purchases. The leased assets have a stated cost of $4,022,126 in the governmental activities and $2,609,518 in the business-type activities. Interest rates range from 1.60% to 2.61%.

A. Lease Liability

The City leases property and equipment from various third parties to conduct its operations, the terms of which expire 2024 through 2028. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

As of September 30, 2023, the value of the lease liabilities was $795,810. Incremental borrowing rates of 6.162% to 11.766% were used to measure lease payables. The value of the right-to-use assets as of the end of the current fiscal year was $1,197,726 and had accumulated amortization of $420,263.

The future principal and interest payments for lease liabilities as of September 30, 2023, are as follows:

Lease Liabilities

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2024	$ 265,940	$ 34,774	$ 300,714
2025	222,922	29,149	252,071
2026	157,330	20,572	177,902
2027	96,832	12,662	109,494
2028	52,786	6,902	59,688
Total	$ 795,810	$ 104,059	$ 899,869

B. Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The incremental borrowing rate of 4.02% was used to measure the SBITA payable.

The future principal and interest SBITA payments as of fiscal year end are as follows:

SBITA Liabilities

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2024	$ 54,066	$ 4,434	$ 58,500
2025	56,239	2,261	58,500
Total	$ 110,305	$ 6,695	$ 117,000

The value of the subscription assets as of the end of the current fiscal year was $162,281 and had accumulated amortization of $54,094.

Note 9. Retirement Plan

A. Plan Description

The City and its two component units participate as one of approximately 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.00%
Matching ration (City to employee)	2 - 1
Years required for vesting	5
Service requirement eligibility (expressed as age/years of service)	60/5 , 0/20
Updated service credit	100% repeating, Transfers
Annuity increase (to retirees)	70% of CPI repeating

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	128
Inactive employees entitled to but not yet receiving benefits	133
Active employees	164
Total	425

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching ratios are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Balch Springs were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 13.64% and 13.60% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $1,772,553, and were equal to the required contributions.

D. Net Pension Liability

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Based on the size of the City, rates are multiplied by an additional factor of 100%, which adds an additional layer of conservatism. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The postretirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.70%
Core fixed income	6.0%	4.90%
Non-core fixed income	20.0%	8.70%
Other public and private markets	12.0%	8.10%
Real estate	12.0%	5.80%
Hedge funds	5.0%	6.90%
Private equity	10.0%	11.80%
Total	100.0%	

E. Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified by statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year ended September 30, 2023, were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of October 1, 2022	$ 50,421,332	$ 45,598,091	$ 4,823,241
Changes for the year:			
Service cost	1,878,960	-	1,878,960
Interest on total pension liability	3,398,071	-	3,398,071
Effect of difference in expected and actual experience	808,312	-	808,312
Benefit payments	(2,038,051)	(2,038,051)	-
Administrative expense	-	(28,803)	28,803
Member contributions	-	811,896	(811,896)
Net investment income	-	(3,339,439)	3,339,439
Employer contributions	-	1,563,629	(1,563,629)
Other changes	-	34,370	(34,370)
Net Changes	4,047,292	(2,996,398)	7,043,690
Balance as of September 30, 2023	$ 54,468,624	$ 42,601,693	$ 11,866,931
City	$ 53,379,252	$ 41,749,659	$ 11,629,593
Component units	$ 1,089,372	$ 852,034	$ 237,338

F. Sensitivity to Interest Rate Changes

The following presents the net pension liability of the City calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption 6.75%	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 20,534,357	$ 11,629,593	$ 4,489,116
Component unit's net pension liability	419,069	237,338	91,615

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.TMRS.com.

H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City and its Component Units recognized pension expense, as measured in accordance with GASB Statement No. 68, of $2,614,770 and $53,363, respectively, and at September 30, 2023, reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary government		
Differences between expected and actual economic experience	$ 1,175,261	$ 10,817
Changes of assumptions	4,973	-
Net difference between projected and actual investment earnings	2,904,830	-
Contributions subsequent to the measurement date	1,353,756	-
Total	$ 5,438,820	$ 10,817

	Deferred Outflows of Resources	Deferred Inflows of Resources
Component units		
Differences between expected and actual economic experience	$ 23,985	$ 220
Changes of assumptions	101	-
Net difference between projected and actual investment earnings	59,282	-
Contributions subsequent to the measurement date	27,628	-
Total	$ 110,996	$ 220

At September 30, 2023, the City and its Component Units reported $1,353,756 and $27,628 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date. These amounts will be recognized as a reduction in the net pension liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Primary Government

Fiscal Year Ended September 30,	
2024	$ 716,858
2025	1,185,397
2026	914,202
2027	1,257,790
Thereafter	-
	$ 4,074,247

Component Units

Fiscal Year Ended September 30,	
2024	$ 14,630
2025	24,192
2026	18,657
2027	25,669
Thereafter	-
	$ 83,148

Note 10. Postemployment Benefits Other Than Pensions

A. Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	18
Active employees	164
Total employees	257

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

B. Total OPEB Liability

The City's total OPEB liability of $413,732 ($405,458 City and $8,274 component units) was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

C. Actuarial Assumptions: The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	4.05% as of December 31, 2022 Source: Fidelity Index's "20-Year Municipal GO AA Index"
Retirees' share of benefit related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

D. Changes in Total OPEB Liability

	Total OPEB Liability
Balance as of October 1, 2022	$ 597,077
Changes for the year	
Service Cost	32,476
Interest on Total OPEB Liability	11,210
Differences between expected and actual experience	3,022
Effect of assumption changes (discount rate change)	(221,934)
Benefit payments	(8,119)
Balance as of September 30, 2023	$ 413,732
City	$ 405,458
Component units	$ 8,274

Sensitivity of the total OPEB liability to changes in the discount rate. The total OPEB liability of the City has been calculated using a discount rate of 4.05%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
City's total OPEB liability	$ 723,156	$ 405,458	$ 479,577
Component unit's total OPEB liability	14,758	8,274	9,787

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City and its Component Units recognized OPEB expense of $28,742 and $587, respectively. At September 30, 2023, the City and its Component Units reported deferred outflows of resources related to OPEB from the following sources:

Primary government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 6,996	$ 16,645
Changes in actuarial assumptions	81,648	187,536
Contributions subsequent to the measurement date	7,536	-
	$ 96,180	$ 204,181

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 144	$ 339
Changes in actuarial assumptions	1,666	3,827
Contributions subsequent to the measurement date	154	-
	$ 1,964	$ 4,166

At September 30, 2023, the City and its Component Units reported $7,536 and $154 as deferred outflows of resources related to the OPEB plan resulting from City contributions subsequent to the measurement date. These amounts will be recognized as a reduction in the total OPEB liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Primary Government

Fiscal Year Ended	
2024	$ (16,552)
2025	(16,238)
2026	(18,995)
2027	(28,335)
2028	(34,710)
Thereafter	(707)
	$ (115,537)

Component units

Fiscal Year Ended	
2024	$ (338)
2025	(331)
2026	(388)
2027	(578)
2028	(708)
Thereafter	(13)
	$ (2,356)

Note 11. Commitments and Contingencies

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City is part of the Texas Municipal League Intergovernmental Risk Pool (Pool). Premiums are paid to the Pool, which retain a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in any of the past three fiscal years.

B. Federal and State Programs

The City participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that if the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2023, may be impaired.

C. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The amount of ultimate loss, if any, could differ materially.

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Required Supplementary Information

City of Balch Springs, Texas

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Measurement Years
(Unaudited)

	Measurement Year			
	2022	2021	2020	2019
Total pension liability:				
Service cost	$ 1,878,960	$ 1,881,108	$ 1,773,241	$ 1,774,058
Interest (on the Total Pension Liability)	3,398,071	3,108,301	2,892,515	2,671,471
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	808,312	1,274,176	(8,535)	(202,781)
Change in assumptions	-	-	-	117,794
Benefit payments, including refunds of employee contributions	(2,038,051)	(1,901,212)	(1,127,430)	(1,043,383)
Net change in total pension liability	4,047,292	4,362,373	3,529,791	3,317,159
Total pension liability - beginning	50,421,332	46,058,959	42,529,168	39,212,009
Total pension liability - ending (a)	54,468,624	50,421,332	46,058,959	42,529,168
Plan fiduciary net position:				
Contributions - employer	1,563,629	1,556,379	1,487,553	1,505,228
Contributions - employee	811,896	811,822	765,271	761,865
Net investment income	(3,339,439)	5,221,956	2,747,086	4,684,138
Benefit payments, including refunds of employee contributions	(2,038,051)	(1,901,212)	(1,127,430)	(1,043,383)
Administrative expense	(28,803)	(24,087)	(17,721)	(26,380)
Other	34,370	165	(691)	(793)
Net change in plan fiduciary net position	(2,996,398)	5,665,023	3,854,068	5,880,675
Plan fiduciary net position - beginning	45,598,091	39,933,068	36,079,000	30,198,325
Plan fiduciary net position - ending (b)	42,601,693	45,598,091	39,933,068	36,079,000
Net pension liability - ending (a) - (b)	$ 11,866,931	$ 4,823,241	$ 6,125,891	$ 6,450,168
Plan fiduciary net position as a percentage of total pension liability	78.21%	90.43%	86.70%	84.83%
Covered payroll	$ 11,598,516	$ 11,597,462	$ 10,932,438	$ 10,883,790
Net pension liability as a percentage of covered payroll	102.31%	41.59%	56.03%	59.26%

Other Information: The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Measurement Year				
2018	2017	2016	2015	2014
$ 1,669,833	$ 1,616,166	$ 1,588,187	$ 1,588,374	$ 1,111,639
2,462,606	2,283,954	2,114,326	1,968,932	1,805,251
-	-	-	-	-
(168,017)	(399,111)	(322,634)	464,652	(17,723)
-	-	-	(1,315)	-
(801,111)	(961,171)	(800,546)	(849,057)	(749,402)
3,163,311	2,539,838	2,579,333	3,171,586	2,149,765
36,048,698	32,877,112	30,337,274	27,757,941	25,608,176
39,212,009	35,416,950	32,916,607	30,929,527	27,757,941
1,446,376	1,407,797	1,344,107	1,532,886	1,420,005
711,000	684,402	667,305	681,706	646,296
(893,537)	3,492,211	1,518,848	31,089	1,069,250
(801,111)	(961,171)	(800,546)	(849,057)	(749,402)
(17,225)	(18,064)	(17,126)	(18,929)	(11,161)
(900)	(915)	(922)	(935)	(920)
444,603	4,604,260	2,711,666	1,376,760	2,374,068
29,753,722	25,149,462	22,437,796	21,061,036	18,686,968
30,198,325	29,753,722	25,149,462	22,437,796	21,061,036
$ 9,013,684	$ 5,663,228	$ 7,767,145	$ 8,491,731	$ 6,696,905
77.01%	84.01%	76.40%	72.54%	75.87%
$10,157,138	$ 9,777,168	$ 9,532,935	$ 9,738,654	$ 9,232,798
88.74%	57.92%	81.48%	87.20%	72.53%

City of Balch Springs, Texas
Texas Municipal Retirement System
Schedule of Pension Contributions
Last Nine Fiscal Years
(Unaudited)

	Fiscal Year			
	2023	2022	2021	2020
Actuarially determined contribution	$ 1,772,553	$ 1,596,587	$ 1,567,771	$ 1,511,814
Contributions in relation of the actuarially determined contribution	1,772,553	1,596,587	1,567,771	1,511,814
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 12,480,781	$ 11,697,182	$ 11,491,244	$ 11,063,241
Contributions as a percentage of covered payroll	14.20%	13.65%	13.64%	13.67%

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Fiscal Year				
2019	2018	2017	2016	2015
$ 1,519,431	$ 1,443,961	$ 1,400,137	$ 1,397,512	$ 1,444,542
1,519,431	1,443,961	1,400,137	1,397,512	1,444,542
$ -	$ -	$ -	$ -	$ -
$ 10,157,138	$ 10,107,933	$ 9,780,905	$ 9,593,837	$ 9,311,322
14.96%	14.29%	14.32%	14.57%	15.51%

City of Balch Springs, Texas

Texas Municipal Retirement System - Supplemental Death Benefit Fund
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Six Measurement Years
(Unaudited)

	Measurement year					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Changes for the year						
Service Cost	$ 32,476	$ 34,792	$ 25,145	$ 18,502	$ 21,331	$ 17,599
Interest on Total OPEB Liability	11,210	10,964	12,598	13,546	12,164	11,659
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	3,022	6,803	(19,173)	(15,766)	(3,565)	-
Changes in assumptions or other inputs	(221,934)	18,942	73,552	76,643	(27,721)	30,913
Benefit payments	(8,119)	(10,438)	(3,280)	(3,265)	(3,047)	(2,934)
Net change in total OPEB liability	(183,345)	61,063	88,842	89,660	(838)	57,237
Total OPEB Liability - beginning	597,077	536,014	447,172	357,512	358,350	301,113
Total OPEB Liability - ending	$ 413,732	$ 597,077	$ 536,014	$ 447,172	$ 357,512	$ 358,350
Covered-employee payroll	$ 11,598,516	$ 11,597,462	$ 10,932,438	$ 10,883,790	$ 10,157,138	$ 9,777,168
Total OPEB Liability as a percentage of covered-employee payroll	3.57%	5.15%	4.90%	4.11%	3.52%	3.67%

Other Information: The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

City of Balch Springs, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2023
(Unaudited)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes and fees	$ 19,260,633	$ 19,260,633	$ 20,401,668	$ 1,141,035
Licenses and permits	456,500	456,500	578,512	122,012
Intergovernmental	1,146,000	1,129,145	393,877	(735,268)
Charges for services	170,950	170,950	138,285	(32,665)
Fines and forfeitures	637,000	637,000	378,493	(258,507)
Interest	30,000	30,000	145,707	115,707
Miscellaneous	29,000	29,000	47,450	18,450
Total revenues	21,730,083	21,713,228	22,083,992	370,764
Expenditures:				
Current:				
General government	1,534,426	1,856,612	1,545,120	311,492
Public safety	13,359,315	14,872,984	12,831,860	2,041,124
Public works	3,048,913	3,325,468	2,732,854	592,614
Community development and recreation	2,264,575	2,438,837	1,870,255	568,582
Capital outlay	1,223,209	1,458,367	771,097	687,270
Debt service:				
Principal retirement	160,956	160,956	398,847	(237,891)
Interest and fiscal charges	18,900	122,760	169,523	(46,763)
Total expenditures	21,610,294	24,235,984	20,319,556	3,916,428
Excess (deficiency) of revenues over (under) expenditures	119,789	(2,522,756)	1,764,436	4,287,192
Other financing sources (uses):				
Operating transfers in	1,424,741	1,424,741	1,302,593	(122,148)
Operating transfers out	(466,820)	(4,642,748)	(5,441,168)	(798,420)
Proceeds from financed purchase	-	225,000	-	(225,000)
Leases (as lessee)	-	-	514,564	514,564
Insurance recoveries	-	-	67,698	67,698
Total other financing sources (uses)	957,921	(2,993,007)	(3,556,313)	(563,306)
Net change in fund balance	1,077,710	(5,515,763)	(1,791,877)	3,723,886
Fund balance at beginning of year	-	-	11,833,099	11,833,099
Fund balance, end of year	$ 1,077,710	$ (5,515,763)	$ 10,041,222	$ 15,556,985

Note 1. Pension Plan

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis scale UMP.

Other information:

There were no benefit changes during the year.

Note 2. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

An operating budget for the General Fund is legally adopted each fiscal year.

The budget is adopted on a basis consistent with GAAP.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Manager.
2. Upon receipt of the budget estimates, the City Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. A public hearing on the budget is held.
4. Prior to October 1, the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

Departmental appropriations that have not been expended or encumbered by the departments at the end of the fiscal year will lapse.

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Non-Major Combining
Financial Statements and Schedules

Listing of Non-Major Governmental Funds

Special Revenue Funds

The following funds are Special Revenue Funds. Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trust or capital projects) that are legally restricted to expenditures for specific purposes.

State Chapter 59 Law Enforcement
To account for the financial activity associated with seizures and forfeitures awarded to the City. Expenditures are restricted to law enforcement purposes.

Department of Justice Grants
To account for the financial activity associated with Department of Justice Grants awarded to the City. Expenditures are restricted to law enforcement purposes.

Department of Justice Forfeitures
To account for the financial activity associated with Department of Justice seizures and forfeitures awarded to the City. Expenditures are restricted to law enforcement purposes.

US Treasury Forfeitures
To account for the financial activity associated with the Department of Justice seizures and forfeitures awarded to the City. Expenditures are restricted to law enforcement purposes.

Municipal Court Technology
To account for the financial activity associated with the portion of citations that have been restricted for technology in Municipal Court.

Municipal Court Building Security
To account for the financial activity associated with the portion of citations that have been restricted for security in Municipal Court.

Hotel Occupancy Tax
To account for the financial activity associated with the seven percent (7%) occupancy tax collected by hotels, motels, and bed and breakfasts located in the City and ETJ. These funds are restricted for cultural and tourism activities.

Emergency Vehicle
To account for the financial activity associated with the proceeds from abandon vehicles sales, impound fees, insurance refunds, and funds previously designated to replace police and fire department vehicles.

Donations
To account for financial activity associated with donations to specific departments and for special purposes.

Tax Increment Reinvestment Zone
To account for financial activity associated with Tax Increment Reinvestment Zones (TIRZ) established in Balch Springs. Reinvestment Zone Number One designates 15% of the incremental ad valorem property tax value to be used for development within that zone. Property tax generated from Reinvestment Zone Number Two is designated to pay the debt on CO Bonds 2019 and is appropriated within the TIF Debt Service Fund.

Emergency Reserve
To account for the financial activity associated with accumulated funds to be used at the sole discretion of a majority of the City Council of the City of Balch Springs during instances of disaster, emergency, and economic instability within the City.

Community Development Corporation
To account for funds that enable social, cultural, humanitarian, trade, tourism, economic, educational, community development and related services and to aid the City in the performance of its government functions, services, programs and projects.

Public Facilities Corporation
To account for funds that provide the financing, acquisition, and construction of public facilities but not limited to single-family and multi-family development.

Tax Increment Financing Fund: To account for financial activity associated with bond project costs related to improvements made within designated Tax Increment Reinvestment Zones.

Debt Service Fund

Debt Service
To account for the accumulation of financial resources for the payment, interest, and related costs of general long-term debt paid primarily from taxes levied by the City.

Tax Increment Financing Debt Service
To account for the accumulation of financial resources for the payment, interest, and related costs of long-term debt issued in the Tax Increment Financing Fund.

City of Balch Springs, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2023

	Special Revenue						
	State Chapter 59 Law Enforcement	Department of Justice Grants	Department of Justice Forfeitures	US Treasury Forfeitures	Municipal Court Technology	Municipal Court Building Security	Hotel Occupancy Tax
ASSETS							
Pooled cash and cash equivalents	$ 179,831	$ 1,766	$ 32,964	$ 601,469	$ (528)	$ 65,053	$ 755,851
Receivables (net of allowance):							
Taxes	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	6,195
Prepaid items	-	-	-	-	-	-	-
Total assets	$ 179,831	$ 1,766	$ 32,964	$ 601,469	$ (528)	$ 65,053	$ 762,046
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and contracts payable	$ 322	$ -	$ -	$ 5,821	$ -	$ -	$ 3,502
Accrued liabilities	32,861	-	-	-	-	-	-
Accrued wages	-	-	-	-	-	-	747
Total liabilities	33,183	-	-	5,821	-	-	4,249
Deferred inflows of resources	-	-	-	-	-	-	-
Fund balance (deficit):							
Nonspendable for prepaid items	-	-	-	-	-	-	-
Restricted:							
Court security	-	-	-	-	-	65,053	-
Debt service	-	-	-	-	-	-	-
Law enforcement	146,648	1,766	32,964	595,648	-	-	-
Capital projects	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Promotion of tourism and hotel industry	-	-	-	-	-	-	757,797
Economic development	-	-	-	-	-	-	-
Committed:							
Emergency management reserve	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(528)	-	-
Total fund balances (deficits)	146,648	1,766	32,964	595,648	(528)	65,053	757,797
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 179,831	$ 1,766	$ 32,964	$ 601,469	$ (528)	$ 65,053	$ 762,046

Special Revenue							Debt Service		
Emergency Vehicle	Donations	Tax Increment Reinvestment Zone	Emergency Reserve	Community Development Corporation	Public Facilities Corporation	Tax Increment Financing Fund	Debt Service	Tax Increment Financing Debt Service	Total Non-major Governmental Funds
$ 43,274	$ 138,379	$ 685,300	$ 234,156	$ 4,506	$ 994,425	$ 12,942	$ 558,574	$ (861)	$ 4,307,101
-	-	-	-	-	-	-	40,019	-	40,019
-	-	-	-	-	-	-	-	-	6,195
-	-	-	-	-	-	-	750	-	750
$ 43,274	$ 138,379	$ 685,300	$ 234,156	$ 4,506	$ 994,425	$ 12,942	$ 599,343	$ (861)	$ 4,354,065
$ -	$ 1,221	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,866
-	-	-	-	-	-	-	-	-	32,861
-	-	-	-	-	-	-	-	-	747
-	1,221	-	-	-	-	-	-	-	44,474
-	-	-	-	-	-	-	38,610	-	38,610
-	-	-	-	-	-	-	750	-	750
-	-	-	-	-	-	-	-	-	65,053
-	-	-	-	-	-	-	559,983	-	559,983
-	-	-	-	-	-	-	-	-	777,026
-	-	-	-	-	-	12,942	-	-	12,942
43,274	137,158	-	-	-	-	-	-	-	180,432
-	-	-	-	-	-	-	-	-	757,797
-	-	685,300	-	4,506	994,425	-	-	-	1,684,231
-	-	-	234,156	-	-	-	-	-	234,156
-	-	-	-	-	-	-	-	(861)	(1,389)
43,274	137,158	685,300	234,156	4,506	994,425	12,942	560,733	(861)	4,270,981
$ 43,274	$ 138,379	$ 685,300	$ 234,156	$ 4,506	$ 994,425	$ 12,942	$ 599,343	$ (861)	$ 4,354,065

City of Balch Springs, Texas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Non-Major Governmental Funds
For the Fiscal Year Ended September 30, 2023

	Special Revenue						
	State Chapter 59 Law Enforcement	Department of Justice Grants	Department of Justice Forfeitures	US Treasury Forfeitures	Municipal Court Technology	Municipal Court Building Security	Hotel Occupancy Tax
Revenues:							
Taxes and fees	$ -	$ -	$ -	$ -	$ -	$ -	$ 234,532
Intergovernmental	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	2,031
Fines and forfeitures	20,302	-	-	24,017	10,962	6,002	-
Interest	131	207	393	14,672	-	94	1,029
Miscellaneous	-	-	-	-	-	-	-
Total revenues	20,433	207	393	38,689	10,962	6,096	237,592
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	17,455	3,725	-	32,231	24,561	1,095	-
Public works	-	-	-	-	-	-	-
Community development and recreation	-	-	-	-	-	-	92,979
Capital outlay	-	-	-	5,821	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	17,455	3,725	-	38,052	24,561	1,095	92,979
Excess (deficiency) of revenues over (under) expenditures	2,978	(3,518)	393	637	(13,599)	5,001	144,613
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Proceeds from sale of capital assets	6,336	-	-	-	-	-	-
Total other financing sources (uses)	6,336	-	-	-	-	-	-
Net change in fund balance (deficit)	9,314	(3,518)	393	637	(13,599)	5,001	144,613
Fund balance (deficit) at beginning of year	137,334	5,284	32,571	595,011	13,071	60,052	613,184
Fund balance (deficit), end of year	$ 146,648	$ 1,766	$ 32,964	$ 595,648	$ (528)	$ 65,053	$ 757,797

Special Revenue							Debt Service		
Emergency Vehicle	Donations	Tax Increment Reinvestment Zone	Emergency Reserve	Community Development Corporation	Public Facilities Corporation	Tax Increment Financing Fund	Debt Service	Tax Increment Financing Debt Service	Total Non-major Governmental Funds
$ -	$ -	$ 310,164	$ -	$ -	$ -	$ -	$ 705,668	$ -	$ 1,250,364
-	-	-	-	-	-	-	-	139,283	139,283
-	-	-	-	-	-	-	-	-	2,031
-	-	-	-	-	-	-	-	-	61,283
86	209	607	198	-	-	-	22,781	-	40,407
-	17,764	-	-	-	-	-	-	-	17,764
86	17,973	310,771	198	-	-	-	728,449	139,283	1,511,132
-	5,899	-	-	-	-	-	-	-	5,899
10,690	8,102	-	-	-	-	-	-	-	97,859
-	4,545	-	-	-	100	-	-	-	4,645
-	5,650	-	-	-	-	-	-	-	98,629
-	-	-	-	-	-	-	-	-	5,821
-	-	-	-	-	-	-	530,000	95,000	625,000
-	-	-	-	-	-	-	91,500	124,500	216,000
10,690	24,196	-	-	-	100	-	621,500	219,500	1,053,853
(10,604)	(6,223)	310,771	198	-	(100)	-	106,949	(80,217)	457,279
-	-	-	89,083	-	-	-	-	79,467	168,550
(83,833)	-	(46,862)	-	-	-	-	-	-	(130,695)
53,932	-	-	-	-	-	-	-	-	60,268
(29,901)	-	(46,862)	89,083	-	-	-	-	79,467	98,123
(40,505)	(6,223)	263,909	89,281	-	(100)	-	106,949	(750)	555,402
83,779	143,381	421,391	144,875	4,506	994,525	12,942	453,784	(111)	3,715,579
$ 43,274	$ 137,158	$ 685,300	$ 234,156	$ 4,506	$ 994,425	$ 12,942	$ 560,733	$ (861)	$ 4,270,981

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Discretely Presented Component Units Statements and Schedules

Listing of Discretely Presented Component Units

Balch Springs Industrial and Economic Development Corporation – to account for revenues from an industrial development sales tax to build economic development activity within the City.

Balch Springs Community and Economic Development Corporation – to account for revenues from a sales and use tax for the development of parks and recreational facilities.

City of Balch Springs, Texas
Balance Sheet
Industrial and Economic Development Corporation
September 30, 2023

	Balch Springs Industrial and Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 4,918,200
Receivables:	
Sales tax	265,351
Total assets	$ 5,183,551
LIABILITIES	
Accounts payable	$ 10,999
Accrued liabilities	2,386
Total liabilities	13,385
FUND BALANCES	
Restricted for:	
Economic development	5,170,166
Total fund balance	5,170,166
TOTAL LIABILITIES AND FUND BALANCE	$ 5,183,551

City of Balch Springs, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Industrial and Economic Development Corporation
September 30, 2023

Total fund balance - BSIEDC balance sheet		$ 5,170,166
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		1,109,396
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and inflows of resources consist of:		
Deferred pension outflows (GASB 68)	55,498	
Deferred OPEB outflows (GASB 75)	982	
Deferred charge on refunding	26,335	
Deferred pension inflows (GASB 68)	(110)	
Deferred OPEB inflows (GASB 75)	(2,083)	80,622
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental fund balance sheet.		(5,679)
Long-term liabilities, including bonds and other payables are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
Revenue bonds	(1,885,000)	
Premium on bond debt	(32,499)	
Net pension liability	(118,669)	
Total OPEB liability	(4,137)	
Compensated absences	(47,280)	(2,087,585)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 4,266,920

City of Balch Springs, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Industrial and Economic Development Corporation
For the Fiscal Year Ended September 30, 2023

	Balch Springs Industrial and Economic Development Corporation
REVENUES	
Sales tax	$ 1,502,555
Investment income	12,104
Miscellaneous	-
Total revenues	1,514,659
EXPENDITURES	
Current:	
Economic development	590,908
Debt service:	
Principal payments	180,000
Interest and fiscal charges	53,028
Total expenditures	823,936
Excess (deficiency) of revenues over (under) expenditures	690,723
Net change in fund balance	690,723
Fund balance, beginning of year	4,479,443
FUND BALANCE, END OF YEAR	$ 5,170,166

City of Balch Springs, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Industrial and Economic Development Corporation
For the Fiscal Year Ended September 30, 2023

Net change in fund balance - BSIEDC governmental funds		$ 690,723
Amounts reported for governmental activities in the statement of activities are different because:		
Current year changes in accrued compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(9,369)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in government funds.		900
Current year principal payments of long-term liabilities are shown as expenditures in the governmental funds, but shown as reductions in long-term liabilities in the Statement of Net Position as follows:		
Revenue bonds	180,000	
Amortization of premiums on bonds issued	10,378	
Amortization of deferred loss on refunding	(5,929)	184,449
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures, and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(8,578)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 858,125

City of Balch Springs, Texas
Balance Sheet
Community and Economic Development Corporation
September 30, 2023

	Balch Springs Community and Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 4,040,697
Restricted cash and cash equivalents	175,496
Receivables:	
Sales tax	265,351
Total assets	$ 4,481,544
LIABILITIES	
Accounts payable	$ 23,806
Accrued liabilities	2,386
Total liabilities	26,192
FUND BALANCES	
Restricted for:	
Economic development	4,455,352
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 4,481,544

City of Balch Springs, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Community and Economic Development Corporation
September 30, 2023

Total fund balance - BSCEDC balance sheet		$ 4,455,352
Amounts reported for governmental activities in the statement of net position are different because:		
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental fund balance sheet.		(11,200)
Long-term liabilities, including bonds and other payables are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
Revenue bonds	(2,240,000)	
Premium on bond debt	(208,526)	
Net pension liability	(118,669)	
Total OPEB liability	(4,137)	
Compensated absences	(47,280)	(2,618,612)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)	55,498	
Deferred OPEB outflows (GASB 75)	982	
Deferred pension inflows (GASB 68)	(110)	
Deferred OPEB inflows (GASB 75)	(2,083)	54,287
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,879,827

City of Balch Springs, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Community and Economic Development Corporation
For the Fiscal Year Ended September 30, 2023

	Balch Springs Community and Economic Development Corporation
REVENUES	
Sales tax	$ 1,502,555
Interest income	14,096
Miscellaneous	130,000
Total revenues	1,646,651
EXPENDITURES	
Current:	
Administration	201,326
Economic development	401,522
Debt service:	
Principal retirement	80,000
Interest and fiscal charges	92,400
Total expenditures	775,248
Excess (deficiency) of revenues over (under) expenditures	871,403
Net change in fund balances	871,403
Fund balance, beginning of year	3,583,949
FUND BALANCE, END OF YEAR	$ 4,455,352

City of Balch Springs, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Community and Economic Development Corporation
For the Fiscal Year Ended September 30, 2023

Net change in fund balance - BSCEDC governmental funds		$ 871,403
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues reported in the Statement of Activities, but do not appear in the governmental funds because they do not provide current financial resources. This is the amount of reduction in the note receivable.		(339,005)
Current year principal payments of long-term liabilities are shown as expenditures in the governmental funds, but shown as reductions in long-term liabilities in the Statement of Net Position as follows:		
Revenue bonds	80,000	
Amortization of premiums on bonds issued	17,276	97,276
Current year changes in accrued compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(9,369)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in government funds.		300
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures, and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(9,597)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 611,008